



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

Upper Peninsula Health Plan, Inc.

NAIC Group Code0000  
(Current Period)

(Prior Period)

NAIC Company Code52615

Employer's ID Number38-3379956

Organized under the Laws ofMichigan

State of Domicile or Port of EntryMichigan

Country of DomicileUnited States of America

Licensed as business type: Life, Accident & Health [ ]

Property/Casualty [ ]

Dental Service Corporation [ ]

Vision Service Corporation [ ]

Other [ ]

Health Maintenance Organization [ X ]

Hospital, Medical & Dental Service or Indemnity [ ]

Is HMO, Federally Qualified? Yes [ ] No [ X ]

Incorporated10/14/1997

Commenced Business08/01/1998

Statutory Home Office228 West Washington St.  
(Street and Number)

Marquette, MI 49855  
(City or Town, State and Zip Code)

Main Administrative Office228 West Washington St.  
(Street and Number)

Marquette, MI 49855  
(City or Town, State and Zip Code)

(906) 225-7500  
(Area Code) (Telephone Number)

Mail Address228 West Washington St.  
(Street and Number or P.O. Box)

Marquette, MI 4985  
(City or Town, State and Zip Code)

Primary Location of Books and Records228 W. Washington St.  
(Street and Number)

Marquette, MI. 49855  
(City or Town, State and Zip Code)

(906) 225-7500  
(Area Code) (Telephone Number)

Internet Website Addresswww.uphp.com

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(Street and Number)

Marquette, MI. 49855  
(City or Town, State and Zip Code)

(906) 225-7500  
(Area Code) (Telephone Number) (Extension)

OFFICERS

PresidentMr. Greg Gustafson

SecretaryJohn Weiss,M.D.

TreasurerMr. John Schon

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Mr. John Schon Mr. Fred Geissler Mr. David Jahn Mr. James Bogan Ms. Staci Fortin John Weiss,MD Mr.Robert Vairo Ms. Connie Lekander  
Ms. Michelle Tavernier Mr. John Chartier Ms.Janine Beveridge Satish Chawla,MD Catherine Kroll,DO Mark Callaghan,MD Dong Liu,MD Jerry Louma,MD  
Mr. William Nemacheck Mr. Dan Wakeham

State of Michigan.....

County of Marquette.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Mr. Greg Gustafson

John Weiss, M.D.

Mr. Greg Gustafson

President

Secretary

CFO

Subscribed and sworn to before me this

February 18th day of 2003

a. Is this an original filing? Yes [ X ] No [ ]

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached



ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	514,447		514,447	515,224
2. Stocks:				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			(a) 0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....4,750,553 , Schedule E - Part 1) and short-term investments (\$ .....493,143 , Schedule DA - Part 2) .....	5,243,696		5,243,696	4,927,242
6. Other long-term invested assets .....	0		0	0
7. Receivable for securities .....			0	0
8. Aggregate write-ins for invested assets .....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	5,758,143	0	5,758,143	5,442,466
10. Accident and health premiums due and unpaid .....	204,782		204,782	921,291
11. Health care receivables .....	2,511,694		2,511,694	1,784,837
12. Amounts recoverable from reinsurers .....			0	0
13. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
14. Investment income due and accrued .....	3,925		3,925	8,701
15. Amounts due from parent, subsidiaries and affiliates .....			0	0
16. Amounts receivable relating to uninsured accident and health plans .....			0	0
17. Furniture and equipment .....	51,562		51,562	42,091
18. Amounts due from agents .....			0	0
19. Federal and foreign income tax recoverable and interest thereon (including \$ .....net deferred tax asset) .....			0	0
20. Electronic data processing equipment and software .....	62,819	4,438	58,381	50,249
21. Other nonadmitted assets .....			0	0
22. Aggregate write-ins for other than invested assets .....	0	0	0	0
23. Total assets (Lines 9 plus 10 through 22)	8,592,925	4,438	8,588,487	8,249,635
DETAILS OF WRITE-INS				
0801. ....				
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	0	0	0	0
2201. ....				
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....	0	0	0	0
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	0	0	0	0

(a) \$ ..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	5,429,000		5,429,000	5,936,791
2. Accrued medical incentive pool and bonus payments .....	0		0	91,231
3. Unpaid claims adjustment expenses .....			0	0
4. Aggregate policy reserves .....			0	0
5. Aggregate claim reserves .....			0	0
6. Premiums received in advance .....			0	0
7. General expenses due or accrued .....	146,929		146,929	144,782
8. Federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) (including \$ ..... net deferred tax liability) .....			0	0
9. Amounts withheld or retained for the account of others .....			0	0
10. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
11. Amounts due to parent, subsidiaries and affiliates .....			0	0
12. Payable for securities .....			0	0
13. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....			0	0
14. Reinsurance in unauthorized companies .....			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
16. Liability for amounts held under uninsured accident and health plans .....			0	0
17. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	0
18 Total liabilities (Lines 1 to 17).....	5,575,929	0	5,575,929	6,172,804
19. Common capital stock .....	XXX	XXX	2,761,670	1,859,670
20 Preferred capital stock .....	XXX	XXX		0
21. Gross paid in and contributed surplus .....	XXX	XXX		0
22. Surplus notes .....	XXX	XXX		0
23. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
24. Unassigned funds (surplus) .....	XXX	XXX	250,888	217,161
25. Less treasury stock, at cost:				
25.1 .....shares common (value included in Line 19 \$ ..... ) .....	XXX	XXX		0
25.2 .....shares preferred (value included in Line 20 \$ ..... ) .....	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25) .....	XXX	XXX	3,012,558	2,076,831
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	8,588,487	8,249,635
DETAILS OF WRITE-INS				
1701. ....				
1702. ....				
1703. ....				
1798. Summary of remaining write-ins for Line 17 from overflow page .....	0	0	0	0
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	0	0	0	0
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	230,768	211,433
2. Net premium income .....	XXX	32,420,752	30,935,527
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Total revenues (Lines 2 to 6) .....	XXX	32,420,752	30,935,527
<b>Medical and Hospital:</b>			
8. Hospital/medical benefits .....		16,631,723	9,815,463
9. Other professional services .....		3,030,233	8,546,876
10. Outside referrals .....			0
11. Emergency room and out-of-area .....		1,231,144	996,879
12. Prescription Drugs .....		8,751,206	7,064,881
13. Aggregate write-ins for other medical and hospital .....	0	0	0
14. Incentive pool and withhold adjustments .....			0
15. Subtotal (Lines 8 to 14) .....	0	29,644,306	26,424,099
<b>Less:</b>			
16. Net reinsurance recoveries .....			0
17. Total medical and hospital (Lines 15 minus 16) .....	0	29,644,306	26,424,099
18. Claims adjustment expenses .....		1,632,089	1,598,495
19. General administrative expenses.....		1,138,081	1,595,873
20. Increase in reserves for accident and health contracts .....			0
21. Total underwriting deductions (Lines 17 through 20) .....	0	32,414,476	29,618,467
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	6,276	1,317,060
23. Net investment income earned .....		102,505	163,649
24. Net realized capital gains or (losses) .....			0
25. Net investment gains or (losses) (Lines 23 + 24) .....	0	102,505	163,649
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
27. Aggregate write-ins for other income or expenses .....	0	0	0
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....	0	108,781	1,480,709
29. Federal and foreign income taxes incurred .....	XXX	77,730	0
30. Net income (loss) (Lines 28 minus 29)	XXX	31,051	1,480,709
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301. ....			
1302. ....			
1303. ....			
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0
2701. ....			
2702. ....			
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
31. Capital and surplus prior reporting year .....	2,076,831	134,922
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
32. Net income or (loss) from Line 30 .....	31,051	1,480,709
33. Change in valuation basis of aggregate policy and claim reserve .....		0
34. Net unrealized capital gains and losses .....		0
35. Change in net unrealized foreign exchange capital gain or (loss) .....		0
36. Change in net deferred income tax .....		0
37. Change in nonadmitted assets .....	2,676	217,160
38. Change in unauthorized reinsurance .....	0	0
39. Change in treasury stock .....		0
40. Change in surplus notes .....	0	0
41. Cumulative effect of changes in accounting principles .....		0
42. Capital Changes:		
42.1 Paid in .....	902,000	244,040
42.2 Transferred from surplus (Stock Dividend) .....		0
42.3 Transferred to surplus .....		0
43. Surplus adjustments:		
43.1 Paid in .....		0
43.2 Transferred to capital (Stock Dividend) .....		0
43.3 Transferred from capital .....		0
44. Dividends to stockholders .....		0
45. Aggregate write-ins for gains or (losses) in surplus .....	0	0
46. Net change in capital & surplus (Lines 32 to 45) .....	935,727	1,941,909
47. Capital and surplus end of reporting year (Line 31 plus 46)	3,012,558	2,076,831
<b>DETAILS OF WRITE-INS</b>		
4501. ....		
4502. ....		
4503. ....		
4598. Summary of remaining write-ins for Line 45 from overflow page .....	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and revenues collected net of reinsurance .....	32,420,752	30,935,527
2. Claims and claims adjustment expenses .....	30,754,046	23,816,600
3. General administrative expenses paid .....	2,770,170	3,194,368
4. Other underwriting income (expenses) .....	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(1,103,464)	3,924,559
6. Net investment income .....	102,505	163,649
7. Other income (expenses) .....	0	0
8. Federal and foreign income taxes (paid) recovered .....	(77,730)	0
9. Net cash from operations (Lines 5 to 8) .....	(1,078,689)	4,088,208
<b>Cash from Investments</b>		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds .....	0	285,000
10.2 Stocks .....	0	0
10.3 Mortgage loans .....	0	0
10.4 Real estate .....	0	0
10.5 Other invested assets .....	0	0
10.6 Net gains or (losses) on cash and short-term investments .....	0	0
10.7 Miscellaneous proceeds .....	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7) .....	0	285,000
11. Cost of investments acquired (long-term only):		
11.1 Bonds .....	0	448,440
11.2 Stocks .....	0	0
11.3 Mortgage loans .....	0	0
11.4 Real estate .....	0	0
11.5 Other invested assets .....	0	0
11.6 Miscellaneous applications .....	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6) .....	0	448,440
12. Net Cash from investments (Line 10.8 minus Line 11.7) .....	0	(163,440)
<b>Cash from Financing and Miscellaneous Sources</b>		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in .....	902,000	244,040
13.2 Net transfers from affiliates .....	0	0
13.3 Borrowed funds received .....	0	0
13.4 Other cash provided .....	0	0
13.5 Total (Lines 13.1 to 13.4) .....	902,000	244,040
14. Cash applied:		
14.1 Dividends to stockholders paid .....	0	0
14.2 Net transfers to affiliates .....	0	0
14.3 Borrowed funds repaid .....	0	350,000
14.4 Other applications .....	0	0
14.5 Total (Lines 14.1 to 14.4) .....	0	350,000
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	902,000	(105,960)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	(176,689)	3,818,808
17. Cash and short-term investments:		
17.1 Beginning of year .....	4,927,242	1,108,434
17.2 End of year (Line 16 plus Line 17.1) .....	4,750,553	4,927,242

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Upper Peninsula Health Plan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income .....	32,420,752								32,141,691				279,061
2. Change in unearned premium reserves and reserve for rate credit .....	0												
3. Fee-for-service (net of \$ ..... medical expenses) .....	0												
4. Risk revenue.....	0												
5. Aggregate write-ins for other health care related revenues .....	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5).....	32,420,752	0	0	0	0	0	0	0	32,141,691	0	0	0	279,061
7. Medical/hospital benefits .....	16,631,723	0							16,515,218				116,505
8. Other professional services .....	3,030,233	0							2,970,240			0	59,993
9. Outside referrals .....	0												
10. Emergency room and out-of-area .....	1,231,144								1,219,571			0	11,573
11. Prescription Drugs .....	8,751,206	0							8,748,584			0	2,622
12. Aggregate write-ins for other medical and hospital .....	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Incentive pool and withhold adjustments .....	0												
14. Subtotal (Lines 7 to 13) .....	29,644,306	0	0	0	0	0	0	0	29,453,613	0	0	0	190,693
15. Net reinsurance recoveries .....	0												
16. Total medical and hospital (Lines 14 minus 15) .....	29,644,306	0	0	0	0	0	0	0	29,453,613	0	0	0	190,693
17. Claims adjustment expenses .....	1,632,089								1,632,089				0
18. General administrative expenses .....	1,138,081								1,090,201			0	47,880
19. Increase in reserves for accident and health contracts .....	0												
20. Total underwriting deductions (Lines 16 to 19) .....	32,414,476	0	0	0	0	0	0	0	32,175,903	0	0	0	238,573
21. Total underwriting gain or (loss) (Line 6 minus Line 20) .....	6,276	0	0	0	0	0	0	0	(34,212)	0	0	0	40,488
DETAILS OF WRITE-INS													
0501. ....													
0502. ....													
0503. ....													
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1201. ....													
1202. ....													
1203. ....													
1298. Summary of remaining write-ins for Line 12 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above) .....	0	0	0	0	0	0	0	0	0	0	0	0	0



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	32,337,969		196,278	32,141,691
8. Other .....	282,248		3,187	279,061
9. Totals	32,620,217	0	199,465	32,420,752

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct .....	30,107,721							29,996,154	111,567
1.2 Reinsurance assumed .....	.0								
1.3 Reinsurance ceded .....	.0								
1.4 Net .....	30,107,721	.0	.0	.0	.0	.0	.0	29,996,154	111,567
2. Paid medical incentive pools and bonuses .....	.0								
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct .....	5,429,000	.0	.0	.0	.0	.0	.0	5,402,480	26,520
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	5,429,000	.0	.0	.0	.0	.0	.0	5,402,480	26,520
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct .....	.0								
4.2 Reinsurance assumed .....	.0								
4.3 Reinsurance ceded .....	.0								
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year .....	.0								
6. Amounts recoverable from reinsurers December 31, current year .....	.0								
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct .....	5,892,415	.0	.0	.0	.0	.0	.0	5,860,074	32,341
7.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.4 Net .....	5,892,415	.0	.0	.0	.0	.0	.0	5,860,074	32,341
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year .....	.0								
10. Amounts recoverable from reinsurers December 31, prior year .....	0								
11. Incurred Benefits:									
11.1 Direct .....	29,644,306	.0	.0	.0	.0	.0	.0	29,538,560	105,746
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0
11.4 Net .....	29,644,306	0	0	0	0	0	0	29,538,560	105,746
12. Incurred medical incentive pools and bonuses .....	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1. Direct .....	984,236							984,236	
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0								
1.4. Net .....	984,236	.0	.0	.0	.0	.0	.0	984,236	.0
2. Incurred but Unreported:									
2.1. Direct .....	4,444,764							4,418,244	26,520
2.2. Reinsurance assumed .....	.0								
2.3. Reinsurance ceded .....	.0								
2.4. Net .....	4,444,764	.0	.0	.0	.0	.0	.0	4,418,244	26,520
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct .....	.0								
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:									
4.1. Direct .....	5,429,000	.0	.0	.0	.0	.0	.0	5,402,480	26,520
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net .....	5,429,000	0	0	0	0	0	0	5,402,480	26,520

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (medical and hospital) .....					.....0	.....0
2. Medicare Supplement .....					.....0	.....0
3. Dental Only.....					.....0	.....0
4. Vision Only.....					.....0	.....0
5. Federal Employees Health Benefits Plan Premiums .....					.....0	.....0
6. Title XVIII - Medicare .....					.....0	.....0
7. Title XIX - Medicaid.....	.....5,705,365	.....24,290,789	.....166,905	.....5,235,575	.....5,872,270	.....5,904,450
8. Other .....	.....19,904	.....91,663	.....241	.....26,279	.....20,145	.....32,341
9. Subtotal .....	.....5,725,269	.....24,382,452	.....167,146	.....5,261,854	.....5,892,415	.....5,936,791
10. Medical incentive pools, accruals and disbursements .....					.....0	.....91,231
11. Totals	5,725,269	24,382,452	167,146	5,261,854	5,892,415	6,028,022

## 12

### Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Hospital and Medical

## 12

## Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998 .....	3,868	1,937	.0	.0	.0
3. 1999 .....	XXX	25,308	2,331	.119	.0
4. 2000 .....	XXX	XXX	29,501	4,064	134
5. 2001 .....	XXX	XXX	XXX	28,970	5,758
6. 2002 .....	XXX	XXX	XXX	XXX	29,644

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 5)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ ..... for occupancy of own building).....				.0
2. Salaries, wages and other benefits.....	.67,892			.67,892
3. Commissions (less \$ ..... ceded plus \$ ..... assumed).....				.0
4. Legal fees and expenses.....				.0
5. Certifications and accreditation fees.....		45,187		45,187
6. Auditing, actuarial and other consulting services.....		23,221		23,221
7. Traveling expenses.....		7,111		7,111
8. Marketing and advertising.....		2,904		2,904
9. Postage, express and telephone.....		6,831		6,831
10. Printing and office supplies.....		23,516		23,516
11. Occupancy, depreciation and amortization.....		22,183		22,183
12. Equipment.....				.0
13. Cost or depreciation of EDP equipment and software.....				.0
14. Outsourced services including EDP, claims, and other services.....	1,564,197	128,387		1,692,584
15. Boards, bureaus and association fees.....		11,133		11,133
16. Insurance, except on real estate.....				.0
17. Collection and bank service charges.....		6,774		6,774
18. Group service and administration fees.....		860,834		860,834
19. Reimbursements by uninsured accident and health plans.....				.0
20. Reimbursements from fiscal intermediaries.....				.0
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				.0
23.2 State premium taxes.....				.0
23.3 Regulatory authority licenses and fees.....				.0
23.4 Payroll taxes.....				.0
23.5 Other (excluding federal income and real estate taxes).....				.0
24. Investment expenses not included elsewhere.....				.0
25. Aggregate write-ins for expenses.....	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	1,632,089	1,138,081	.0 (a)	2,770,170
27. Add expenses unpaid December 31, prior year.....		144,782		144,782
28. Less expenses unpaid December 31, current year.....		146,929		146,929
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	1,632,089	1,135,934	0	2,768,023
DETAIL OF WRITE-INS				
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

(a) Includes management fees of \$ .....860,834 to affiliates and \$ .....to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....	.....
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments .....	(e) .....107,281	.....102,505
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	.....107,281	.....102,505
11.	Investment expenses .....		(g) .....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16) .....		.....102,505
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		.....0

- (a) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.
- (b) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued dividends on purchases.
- (c) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.
- (d) Includes \$ .....for company's occupancy of its own buildings; and excludes \$ .....interest on encumbrances.
- (e) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.
- (f) Includes \$ .....accrual of discount less \$ .....amortization of premium.
- (g) Includes \$ .....investment expenses and \$ .....investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ .....interest on surplus notes and \$ .....interest on capital notes.
- (i) Includes \$ .....depreciation on real estate and \$ .....depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....					.....0
1.1	Bonds exempt from U.S. tax .....					.....0
1.2	Other bonds (unaffiliated) .....					.....0
1.3	Bonds of affiliates .....					.....0
2.1	Preferred stocks (unaffiliated) .....					.....0
2.11	Preferred stocks of affiliates .....					.....0
2.2	Common stocks (unaffiliated) .....					.....0
2.21	Common stocks of affiliates .....					.....0
3.	Mortgage loans .....					.....0
4.	Real estate .....					.....0
5.	Contract loans .....					.....0
6.	Cash/Short-term investments .....					.....0
7.	Derivative instruments .....					.....0
8.	Other invested assets .....					.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0	.....0	.....0	.....0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	4,438	7,114	2,676
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....			0
2.5 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.5) .....	0	0	0
4. Aggregate write-ins for other assets.....	0	0	0
5. Total (Line 1 plus Lines 3 and Line 4)	4,438	7,114	2,676
0401. ....			
0402. ....			
0403. ....			
0498. Summary of remaining write-ins for Line 4 from overflow page .....	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	0	0	0

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	18,245	19,003	19,123	19,278	19,052	230,768
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	18,245	19,003	19,123	19,278	19,052	230,768
DETAILS OF WRITE-INS						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....	514,447	8.934	514,447	8.934
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....		0.000		0.000
1.512 Issued by FNMA and FHLMC .....		0.000		0.000
1.513 Privately issued .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		0.000		0.000
1.523 All other privately issued .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Policy loans .....		0.000		0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash and short-term investments .....	5,243,696	91.066	5,243,696	91.066
9. Other invested assets .....		0.000		0.000
10. Total invested assets	5,758,143	100.000	5,758,143	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ NA ☐
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4

By what department or departments? Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES  
(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Makela,Toutant,Hill & Nardi  
201 West Bluff St.  
Marquette, Mi. 49855.....
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Milliman, USA  
15800 Bluemound Road, Suite 400  
Brookfield, WI. 53005-6069.....
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?  
NONE.....
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? .....

Yes [ X ] No [ ]
- 10.3

Have there been any changes made to any of the trust indentures during the year? .....

Yes [ ] No [ X ]
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? .....

Yes [ ] No [ ] NA [ X ]

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? .....

Yes [ X ] No [ ]
12.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? .....

Yes [ X ] No [ ]
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [ X ] No [ ]

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11 To directors or other officers .. \$ .....0

14.12 To stockholders not officers ... \$ .....0

14.13 Trustees, supreme or grand (Fraternal only) ..... \$ .....0
- 14.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21 To directors or other officers ... \$ .....0

14.22 To stockholders not officers .... \$ .....0

14.23 Trustees, supreme or grand (Fraternal only) ..... \$ .....0
- 15.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? .....

Yes [ ] No [ X ]
- 15.2

If yes, state the amount thereof at December 31 of the current year:

15.21 Rented from others ..... \$ .....

15.22 Borrowed from others ..... \$ .....

15.23 Leased from others ..... \$ .....

15.24 Other ..... \$ .....
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? .....

Yes [ ] No [ X ]
- 16.2

If answer is yes,

16.21 Amount paid as losses or risk adjustment ..... \$ .....

16.22 Amount paid as expenses ..... \$ .....

16.23 Other amounts paid ..... \$ .....

GENERAL INTERROGATORIES  
(continued)  
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited? Yes No [ X ] [ ]	6 Are Dividends Cumulative? Yes No [ ] [ X ]
Preferred					XXX	XXX
Common	60,000	10,100		XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? ..... Yes [ X ] No [ ]

18.2 If no, give full and complete information relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) ..... Yes [ ] No [ X ]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21

Loaned to others .....

\$.....

19.22

Subject to repurchase agreements .....

\$.....

19.23

Subject to reverse repurchase agreements .....

\$.....

19.24

Subject to dollar repurchase agreements .....

\$.....

19.25

Subject to reverse dollar repurchase agreements .....

\$.....

19.26

Pledged as collateral .....

\$.....

19.27

Placed under option agreements .....

\$.....

19.28

Letter stock or other securities restricted as to sale ...

\$.....

19.29

Other .....

\$.....

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31 .....

19.32 .....

19.33 .....

19.34 .....

19.35 .....

19.36 .....

19.37 .....

19.38 .....

19.39 .....

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

21.2. If yes, state the amount thereof at December 31 of the current year. .... \$.....

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [ X ] No [ ]

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Wells Fargo.....	101 W. Washington St. Marquette, MI. 49855.....
.....	.....



GENERAL INTERROGATORIES  
(continued)  
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [    ] No [ X ]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

24.1 Amount of payments for legal expenses, if any?..... \$.....0

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

2.2

If yes, give particulars:

3.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

3.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ] No [ X ]

4.1

Does the reporting entity have stop-loss reinsurance?

Yes [ X ] No [ ]

4.2

If no, explain:

4.3

Maximum retained risk (see instructions)

4.31

Comprehensive Medical

\$

100,000

4.32

Medical Only

\$

4.33

Medicare Supplement

\$

4.34

Dental

\$

4.35

Other Limited Benefit Plan

\$

4.36

Other

\$

5.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

6.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [ X ] No [ ]

6.2

If no, give details:

7.

Provide the following Information regarding participating providers:

7.1

Number of providers at start of reporting year

605

7.2

Number of providers at end of reporting year

702

8.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ X ] No [ ]

8.2

If yes, direct premium earned:

8.21

Business with rate guarantees between 15-36 months

8.22

Business with rate guarantees over 36 months

9.1

Does the reporting entity have Bonus/Withhold Arrangements in its provider contract?

Yes [ X ] No [ ]

9.2

If yes:

9.21

Maximum amount payable bonuses

\$5

9.22

Amount actually paid for year bonuses

\$

9.23

Maximum amount payable withholds

\$

9.24

Amount actually paid for year withholds

\$

10.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Region 8, all 15 counties in the Upper Peninsula of Michigan.....
.....
.....
.....

31

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	8,588,487	8,249,635	6,524,399	3,879,346	1,211,486
2. Total liabilities (Page 3, Line 18) .....	5,575,929	6,172,804	6,389,477	3,712,594	1,724,334
3. Statutory surplus .....		0	0	0	0
4. Total capital and surplus (Page 3, Line 26) .....	3,012,558	2,076,831	134,922	166,752	(512,848)
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	32,420,752	30,935,527	29,854,502	27,937,117	3,789,606
6. Total medical and hospital expenses (Line 17) .....	29,644,306	26,424,098	26,791,413	25,308,849	3,862,903
7. Total administrative expenses (Line 19) .....	1,138,081	3,194,368	2,999,537	2,940,632	1,034,865
8. Net underwriting gain (loss) (Line 22) .....	6,276	1,317,061	0	0	0
9. Net investment gain (loss) (Line 25) .....	102,505	163,648	0	0	0
10. Total other income (Lines 26 plus 27) .....	0	0	0	0	0
11. Net income (loss) (Line 30) .....	108,781	1,480,709	63,552	(312,364)	(1,108,162)
<b>RISK - BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	3,012,558	2,076,831	134,922	0	0
13. Authorized control level risk-based capital .....	1,729,581	1,566,051	1,519,019	0	0
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	19,052	18,245	16,733	19,224	14,348
15. Total member months (Column 6, Line 7) .....	230,768	211,433	222,949	217,430	43,324
<b>OPERATING PERCENTAGE (Page 4)</b> <b>(Item divided by Page 4, sum of Line 2, 3 and 5)</b>					
16. Premiums earned (Line 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17) .....	91.4	85.4	89.7	90.6	101.9
18. Total underwriting deductions (Line 21) .....	100.0	100.0	100.0	100.0	100.0
19. Total underwriting gain (loss) (Line 22) .....	0.0	0.0	0.0	0.0	0.0
<b>UNPAID CLAIMS ANALYSIS</b> <b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	5,892,415	4,252,287	1,161,287	0	0
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)] .....	6,028,022	5,579,011	3,051,469	1,156,302	0

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	0	0	0	0	0
26. Affiliated mortgage loans on real estate .....		0	0	0	0
27. All other affiliated .....		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....	514,447	527,642	513,816	515,000
	2. Canada .....	0	0	0	0
	3. Other Countries .....	0	0	0	0
	4. Totals	514,447	527,642	513,816	515,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	0	0	0	0
	6. Canada .....	0	0	0	0
	7. Other Countries .....	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada.....	0	0	0	0
	11. Other Countries .....	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	0	0	0	0
	14. Canada .....	0	0	0	0
	15. Other Countries .....	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....	0	0	0	0
	18. Canada .....	0	0	0	0
	19. Other Countries .....	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	0	0	0	0
	22. Canada .....	0	0	0	0
	23. Other Countries .....	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. <b>Total Bonds</b>	514,447	527,642	513,816	515,000
<b>PREFERRED STOCKS</b> Public Utilities (unaffiliated)	27. United States .....	0	0	0	
	28. Canada .....	0	0	0	
	29. Other Countries .....	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....	0	0	0	
	32. Canada .....	0	0	0	
	33. Other Countries .....	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....	0	0	0	
	36. Canada .....	0	0	0	
	37. Other Countries .....	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. <b>Total Preferred Stocks</b>	0	0	0	
<b>COMMON STOCKS</b> Public Utilities (unaffiliated)	41. United States .....	0	0	0	
	42. Canada .....	0	0	0	
	43. Other Countries .....	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	0	0	0	
	46. Canada .....	0	0	0	
	47. Other Countries .....	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....	0	0	0	
	50. Canada .....	0	0	0	
	51. Other Countries .....	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. <b>Total Common Stocks</b>	0	0	0	
	55. <b>Total Stocks</b>	0	0	0	
	56. <b>Total Bonds and Stocks</b>	514,447	527,642	513,816	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ .....

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....	0	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....	0	6.1 Column 17, Part 1 .....	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1 .....	0
3.1 Column 16, Part 1 .....	0	6.3 Column 11, Part 2, Sec. 2 .....	0
3.2 Column 12, Part 2, Sec. 1 .....	0	6.4 Column 11, Part 4 .....	0
3.3 Column 10, Part 2, Sec. 2 .....	0		
3.4 Column 10, Part 4 .....	0	7. Book/adjusted carrying value at end of current period .....	514,447
4. Total gain (loss), Col. 14, Part 4 .....	0	8. Total valuation allowance .....	
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....	464,000	9. Subtotal (Lines 7 plus 8) .....	514,447
		10. Total nonadmitted amounts .....	
		11. Statement value of bonds and stocks, current period .....	514,447

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only			
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1. Alabama .....	AL					
2. Alaska .....	AK					
3. Arizona .....	AZ					
4. Arkansas .....	AR					
5. California .....	CA					
6. Colorado .....	CO					
7. Connecticut .....	CT					
8. Delaware .....	DE					
9. District of Columbia .....	DC					
10. Florida .....	FL					
11. Georgia .....	GA					
12. Hawaii .....	HI					
13. Idaho .....	ID					
14. Illinois .....	IL					
15. Indiana .....	IN					
16. Iowa .....	IA					
17. Kansas .....	KS					
18. Kentucky .....	KY					
19. Louisiana .....	LA					
20. Maine .....	ME					
21. Maryland .....	MD					
22. Massachusetts .....	MA					
23. Michigan .....	MI	No	279,061		32,617,030	
24. Minnesota .....	MN					
25. Mississippi .....	MS					
26. Missouri .....	MO					
27. Montana .....	MT					
28. Nebraska .....	NE					
29. Nevada .....	NV					
30. New Hampshire .....	NH					
31. New Jersey .....	NJ					
32. New Mexico .....	NM					
33. New York .....	NY					
34. North Carolina .....	NC					
35. North Dakota .....	ND					
36. Ohio .....	OH					
37. Oklahoma .....	OK					
38. Oregon .....	OR					
39. Pennsylvania .....	PA					
40. Rhode Island .....	RI					
41. South Carolina .....	SC					
42. South Dakota .....	SD					
43. Tennessee .....	TN					
44. Texas .....	TX					
45. Utah .....	UT					
46. Vermont .....	VT					
47. Virginia .....	VA					
48. Washington .....	WA					
49. West Virginia .....	WV					
50. Wisconsin .....	WI					
51. Wyoming .....	WY					
52. American Samoa .....	AS					
53. Guam .....	GU					
54. Puerto Rico .....	PR					
55. U.S. Virgin Islands .....	VI					
56. Canada .....	CN					
57. Aggregate other alien .....	OT	XXX	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	279,061	0	32,617,030	0
DETAILS OF WRITE-INS						
5701. ....						
5702. ....						
5703. ....						
5798. Summary of remaining write-ins for Line 57 from overflow page .....			0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Annual Statement for the year 2002 of the UPPER PENINSULA HEALTH PLAN, INC.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

U.P. Physicians, LLC

125 Physicians

Appoints 6 Board Members to UPMC,LLC

U.P. Network, LLC

14 Hospitals

Appoints 6 Board Members to UPMC,LLC

Upper Peninsula Managed Care, LLC

Upper Peninsula Health Plan, Inc.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**